

§ 420.410

42 CFR Ch. IV (10-1-00 Edition)

(3) If more than one person is eligible to receive a reward in a particular case, HCFA allocates the total reward amount (not to exceed 10 percent of the overpayments recovered in that case or \$1,000, whichever is less) among the participants.

(4) HCFA bases rewards only on recovered Medicare payments and not on amounts collected as penalties or fines.

(5) HCFA makes payments as promptly as the circumstances of the case permit, but not until it has collected all Medicare overpayments, fines, and penalties.

(6) No person may make any offer or promise or otherwise bind HCFA or HHS with respect to the payment of any reward under this section or the amount of the reward.

(f) *Submission of information.* (1) An individual may submit information on persons or entities engaging in, or that have engaged in, fraud and abuse against the Medicare program to the Office of the Inspector General, or to the Medicare intermediary or carrier that has jurisdiction over the suspected fraudulent provider or supplier.

(2) A participant interested in receiving a reward must provide his or her name, address, telephone number, and any other requested identifying information so that he or she may be contacted, if necessary, for additional information and, when applicable, for the payment of a reward upon resolution of the case.

(g) *Confidentiality.* HCFA does not reveal a participant's identity to any person, except as required by law.

(h) *Finding of ineligibility after reward is accepted.* If, after a reward is accepted, HCFA finds that the awardee was ineligible to receive the reward, the Government is not liable for the reward and the awardee must refund all monies received.

**§ 420.410 Establishment of a program to collect suggestions for improving Medicare program efficiency and to reward suggesters for monetary savings.**

(a) *Definitions.* As used in this section, the following definitions apply:

*Payment* means a monetary award given to a suggester in recognition of, and as a reward for, a suggestion adopted by HCFA that improves the ef-

iciency of, and results in monetary savings to, the Medicare program.

*Savings* means the monetary value of the net benefits the Medicare program derives from implementing the suggestion.

*Suggester* means an individual, a group of individuals, or a legal entity such as a corporation, partnership, or professional association, not otherwise excluded under § 420.410(d), who submits a suggestion under this section.

*Suggestion* means an original idea submitted in writing.

*Suggestion program* means the specific procedures and requirements established by HCFA for receiving suggestions from the suggester on methods to improve the efficiency of the Medicare program, evaluating the suggestions and, if appropriate, paying a reward to the suggester for adopted suggestions that result in improved efficiency and produce monetary savings to the Medicare program.

(b) *General rule.* HCFA may make payment for adopted suggestions that increase the efficiency of the Medicare program and result in monetary savings. HCFA only makes payment for suggestions in instances in which a reward is not otherwise provided by law. The determination to adopt a suggestion, to reward the suggester, and the method of calculating a reward are at the sole discretion of HCFA.

(c) *Eligibility.* Except as specified in paragraph (d) of this section, any individual, group of individuals or legal entity, such as a corporation, partnership or professional association, is eligible to submit a suggestion and be considered for a reward under this suggestion program if the suggestion is submitted to HCFA in the manner set forth in paragraph (e) of this section.

(d) *Exclusions.* Medicare contractors, their officers and employees, individuals who work for Federal agencies under a contract, employees of Federally-sponsored research and demonstration projects, Federal officers and employees, and immediate family members of these individuals, are excluded from receiving payment under the suggestion program. If, after the suggester receives a reward payment, HCFA determines that the suggester was ineligible to receive the reward, HCFA is

not liable for the reward payment and the suggester must refund all monies received.

(e) *Requirements for submitting suggestions*—(1) To be considered, the suggestion must be in writing, mailed to HCFA, and must include the following information:

- (i) A description of an existing problem or need;
- (ii) A suggested method for solving the problem or filling the need; and
- (iii) If known, an estimate of the savings potential that could result from implementing the suggestion.

(2) Suggestions must be mailed to: Health Care Financing Administration Suggestion Program, 7500 Security Blvd., Baltimore, Maryland 21244-1850.

(3) Any suggesters interested in receiving a reward must provide HCFA with the following information: An individual suggester must provide his or her name, a group of suggesters must provide the names of all the group members, and a legal entity must provide its name and the name of its representative. All suggesters must provide an address, telephone number, and any other identifying information that HCFA needs to contact the suggester for additional information and, where applicable, to mail the reward.

(f) *Evaluation process*—(1) *Relevant factors*. HCFA evaluates all suggestions on the basis of the following factors:

- (i) Originality of suggestion.
- (ii) An estimate of potential monetary savings to the Medicare program.
- (iii) The extent to which Medicare program efficiency would be improved if HCFA adopts the suggestion.
- (iv) Accuracy of the information reflected in the suggestion.
- (v) Feasibility of implementation.
- (vi) Nature and complexity of the suggestion.
- (vii) Any other factors that appear to be relevant.

(2) *Evaluation time limit*. HCFA concludes the evaluation process in a reasonable amount of time, not to exceed 2 years from the receipt date, taking into consideration the complexity of the suggestion, the number of possible implementation strategies, and HCFA's current workload.

(g) *Basis for reward payment*—(1) *General rule*. If HCFA determines that it is

appropriate to make a reward payment for a suggestion adopted in whole or in part, that results in improved efficiency and monetary savings to the Medicare program, the payment is based on—

(i) The actual first-year net savings to the Medicare program, or

(ii) The average annual net savings to the Medicare program expected to be realized over a period of not more than 3 years if—

(A) An improvement is expected to yield monetary savings for more than 1 year and implementation involves substantial costs; or

(B) Monetary savings are negligible in the first year but are expected to substantially increase in subsequent years.

(2) *Reward payment amount*. HCFA determines the amount of a reward payment using the following formula:

(i) Net savings from \$1,000 to \$10,000—10 percent of the savings, with a minimum award amount of \$100;

(ii) Net savings of \$10,001 to \$100,000—\$1,000 for the first \$10,000 of savings, plus 3 percent of the net savings over \$10,000;

(iii) Net savings of more than \$100,000—\$3,700 for the first \$100,000 of savings, plus 0.5 percent of savings over \$100,000, with a maximum award amount of \$25,000.

(h) *Adoption of suggestion and issuance of reward payment*—(1) *Adoption*. Upon completing its evaluation, HCFA decides whether to adopt a suggestion. If HCFA receives the same or an overlapping suggestion from two or more unrelated parties, HCFA will consider a reward only for the suggestion HCFA received first, if the suggestion or overlapping part of the suggestion are identical, and HCFA has adopted that part. If the suggestions are not identical, HCFA will consider rewarding the suggestion received first, if it is feasible and HCFA is able to adopt and implement the suggestion. If the first suggestion cannot be implemented, HCFA may consider rewarding the suggestion received next, even if it is similar, provided HCFA can adopt and implement the suggestion.

(2) *Issuance of reward payment*. After the reward payment amount is determined, as described in paragraph (g) of

this section, HCFA mails payment to the suggester (or to the legal representatives referenced in paragraph (k) of this section) only after the suggestion has been in operation for 1 year.

(i) *Group suggestions.* When HCFA deems that a reward payment is appropriate for a suggestion submitted by a group of individuals, HCFA pays an equal share of the reward to each of the individuals identified in the group. If an organization such as a corporation, partnership, or professional association submits a suggestion, HCFA makes a single reward payment to that organization.

(j) *Change in name or address.* It is the suggester's responsibility to notify HCFA of any change of address or other relevant information. If the suggester fails to update HCFA on any change in this information, and the reward payment mailed to the suggester is returned to HCFA, the suggester must claim the reward payment by contacting HCFA within 1 year from the date HCFA first mailed the reward payment to the suggester. HCFA does not pay interest on rewards that, for any reason, are delayed or are not immediately claimed.

(k) *Incapacitated or deceased suggester.* If the suggester is incapacitated or has died, an executor, administrator, or other legal representative may claim the reward on behalf of the suggester or the suggester's estate. The claimant must submit certified copies of the letters testamentary, letters of administration, or other similar evidence to HCFA showing his or her authority to claim the reward. The claim must be filed within 1 year from the date on which HCFA first attempted to pay the reward to the individual who submitted the suggestion.

(l) *Maintenance of records*—(1) HCFA retains records related to the administration of the suggestion program in accordance with 36 CFR part 1228 (the regulations for the National Archives and Records Administration).

(2) HCFA does not disclose information submitted under the suggestion program, except as required by law.

[64 FR 66401, Nov. 26, 1999]

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AUTHORITY: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395hh).

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